

**SECOND YEAR B. B. A.**  
**Paper -3 FINANCIAL MANAGEMENT**  
(Effective from June 1999)

- 1. Financial Management : An Overview. 10%**
- Evolution of finance functions : Traditional v/s Modern Approach.
  - Goals of Finance Functions.
  - Position of finance function in organization structure.
- 2. Long term Sources of Finance : 15%**  
Equity, Preference, Debenture and bonds, Financial evaluation from the view point of company as well as investors only.  
**Capitalization :**
- Meaning over and under capitalization.
  - Merits, demerits and remedial measures.
- 3. Capital Budgeting : 25%**
- Meaning, Significance, process.
  - Estimation of Cash flow based on Straight Line Depreciation and Written Down value methods.
  - Appraisal methods : PBP, ARR, NPV, IRR and PI.
- 4. Working Capital Management :**
- (a) Overview : 10%**  
Concept, Significance, factors affecting working capital estimation of working capital based on operating cycle approach, Two dimensions of W.C. Mgt- Relative Asset Liquidity and Relative Financing Liquidity
- (b) Working Capital Financing : 10%**  
Sources of working capital finance including inter-corporate loans, Determining Maximum Permissible Bank Finance based on Tondon and Chore Committee Recommendations.
- (c) Management of Case : 10%**  
Case planning, Managing the flow, case control reports, investment in marketable securities.
- (d) Management of Inventory : 20%**  
Need to hold inventory, Optimum investment in inventory, E.O.Q. Techniques, Selective inventory Control (ABC Analysis only).
- (e) Management of Receivables : 10%**  
Credit policy variables, Credit Evaluation, Credit Granting Decisions, Control of receivables.
- 5. Leverage Analysis :**  
Operating Leverage, Financial Leverage and Combined leverage-their implications.
- Note :** A least one case in each of the following areas :
1. Case budgeting
  2. Sources of Finance.
  3. Capitalization.
  4. Management of working capital.
  5. Change in the credit policy as a part of the management of receivable.
  6. Capital Budgeting.